

Staff Summary Report



To: Mayor & City Council
Through: City Manager

Agenda Item Number 11
Meeting Date 8/9/01

SUBJECT: SRP PayCenters

PREPARED BY: Cal Nelson, Deputy Manager, Water Utilities Department (350-2763)

REVIEWED BY: Tom Gallier, Manager, Water Utilities Department (350-2625)

BRIEF: Request approval of an amendment to an umbrella IGA to partner with SRP to allow City of Tempe utility customers to pay utility bills at SRP PayCenters

COMMENTS: **SRP (0113-03)** Request approval of an amendment to an umbrella IGA to partner with SRP to allow the City of Tempe to provide 24 new payment sites for utility customers to pay utility bills.

Document Name: (20010809fscn01) **Supporting Documents:** Yes

SUMMARY: The Water Utilities Department continues to pursue ways to concurrently enhance customer service and to present e-business options to City of Tempe utility customers.

- While we recognize our utility customers live in Tempe, we understand they work and visit all parts of the Valley. An amendment to the existing umbrella IGA will allow City of Tempe to offer 24 additional payment sites in the Valley to our utility customers. Current payment sites are located within Tempe City limits. We have one payment site in Guadalupe.
- SRP PayCenters are ATM-like pay stations and are located in Tempe, Gilbert, Mesa, Chandler, Scottsdale, Phoenix, Tolleson, Fountain Hills and Glendale.
- SRP PayCenters are located in grocery stores, convenience stores and SRP offices.
- SRP has committed to add an additional PayCenter in south Tempe to serve our south Tempe customers
- The PayCenters provide convenient locations, extended hours (in some cases 24 hours) and a secure payment environment.
- Payments can be made by cash, check or money order.
- PayCenters are interactive, user friendly, bilingual, provide touch screen technology and are voice activated.
- PayCenters provide an e-business opportunity for our utility customers. Future e-business opportunities include web access for direct correspondence, account

information and some account changes, credit card payment interface to allow payments over the web and over the phone, the ability to make recurring credit card payments and the ability to specify date ranges for mailing address changes.

- The SRP PayCenters would also provide, for an additional charge, an opportunity for the City of Tempe to purchase advertising using MPEG videos at the pay stations.

FISCAL NOTE: Sufficient funds are available in the O&M budget for both the one time set up cost of \$65,000 and for monthly payments of \$1,677 (for 0-1,000 transactions per month).

RECOMMENDATION: That the City Council authorize the Mayor to sign an amendment to an Existing “umbrella” IGA to allow the City to partner with SRP to offer City of Tempe utility customers the opportunity to use SRP PayCenters to pay utility bills

**AGREEMENT
BETWEEN
THE CITY OF TEMPE
AND
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT
FOR THE JOINT USE OF THE SRP PAYCENTER™ NETWORK**

THIS AGREEMENT ("Agreement") is effective as of the ____ day of _____, 2001, by and between the CITY OF TEMPE, a municipal corporation ("Tempe"), and SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district, organized and existing under the laws of the State of Arizona ("SRP").

RECITALS

- A. On June 11, 1998, Tempe and SRP entered into an Intergovernmental Umbrella Agreement ("Umbrella Agreement") for the purpose of allowing the parties to cooperate and work together in order to more fully utilize their facilities and expertise and be of assistance to each other in a manner that will generate or save money or other resources.
- B. The Umbrella Agreement provides that the Authorized Signatories (as defined in the Umbrella Agreement) may execute specific agreements that carry out joint use projects or provision of services falling within the terms of the Umbrella Agreement and that are anticipated to create benefits exceeding anticipated costs.
- C. SRP has a network of automatic payment machines (the "Machines") in various retail establishments and business offices in the metropolitan Phoenix area that SRP designates as the SRP PayCenter Network (the "Network").
- D. Tempe desires to provide its customers with a convenient payment alternative to Tempe's business office.
- E. SRP agrees to allow Tempe and its customers the non-exclusive use of the Network for the collection of utility payments, upon the terms and conditions set forth in this Agreement.

AGREEMENT

1. **UMBRELLA AGREEMENT**

Except to the extent this Agreement expressly provides otherwise, this Agreement shall constitute an addendum to the Umbrella Agreement and shall be subject to all the terms and conditions thereof.

2. THE NETWORK

- 2.1 As of the date of this Agreement, the Network consists of 24 Machines located at different sites throughout the metropolitan Phoenix area. SRP may, in its sole discretion and at any time during the term of this Agreement, add Machines in new locations to the Network or remove Machines from any location in the Network. SRP and Tempe agree that, notwithstanding the provisions of Section 6 of the Umbrella Agreement, one or more of the Machines may be located outside Maricopa County.
- 2.2 Within six (6) months of the date of this Agreement, SRP will have operational and ready for use a Machine located either (i) within the limits of the Town of Guadalupe or (ii) within an area bounded by US60 on the north, Elliott Road on the south, 48th Street on the west, and Kyrene Road on the east. If SRP fails to place a Machine in either of the described locations within such 6-month time period, Tempe, at its sole option, may terminate this Agreement by giving thirty (30) days written notice within thirty (30) days after the expiration of such 6-month period. If Tempe terminates this Agreement pursuant to this Section 2.2, Tempe shall have no further obligations under this Agreement, and will not be responsible for paying any reimbursements to SRP pursuant to the termination provisions in Section 10. SRP shall have no liability for any failure to locate a Machine in the locations described in this Section.
- 2.3 Any new Machines that are added to the Network will be installed at SRP's expense. SRP will notify Tempe within thirty (30) days of any new Machine locations. SRP will also notify Tempe at least sixty (60) days before it removes a Machine from a location unless the removal is at the request of SRP's landlord. In that case, SRP shall give Tempe notice of the removal within five (5) working days after it receives notice from the landlord requiring such removal. Additions to or subtractions from the number of Machines in the Network will not increase or reduce any fees to be paid by Tempe pursuant to this Agreement. SRP will have no liability to Tempe in connection with the addition or removal of Machines from any location.
- 2.4 Notwithstanding the fact that Tempe customers will be allowed to use the Machines, the Machines will continue to be branded as "SRP PayCenters" and the Network will continue to be branded as the "SRP PayCenter Network" throughout the term of this Agreement.
- 2.5 SRP shall be responsible for maintaining the Machines, but SRP shall not be liable to Tempe in connection with any failure of the Machines to operate for any reason, including but not limited to failure due to mechanical or network related problems.

3. SRP'S RESPONSIBILITIES

- 3.1 The Machines are currently programmed as follows (the "Standard Features"):

- (a) The Machines will only accept cash, checks or money orders.
 - (b) The Machines have a touch screen with interactive graphics.
 - (c) The Machines have voice prompts with both English and Spanish language capabilities.
- 3.2 As soon as reasonably possible after the date of this Agreement, SRP will reprogram the Machines to accept utility payments from Tempe's customers, including reprogramming the graphics on the screen to identify payment of Tempe utility bills as an option for users of the Machines. Notwithstanding the reprogramming, the Standard Features on the Machine shall remain the same.
- 3.3 As soon as reasonably possible after the date of this Agreement, SRP will add Tempe's logo to the graphics on the outside of the Machines in order to identify Tempe as a participating member of the Network. Tempe hereby grants SRP a non-exclusive license to use Tempe's logo for such purposes at no cost to SRP.
- 3.4 SRP will notify Tempe, in writing, when it has completed the requirements of Section 3.2 and 3.3 with respect to all Machines in the Network. The date of such notification shall hereinafter be called the "Start Date."

4. TEMPE CUSTOMER USE/COLLECTION AND DEPOSIT OF MONIES

- 4.1 After the Start Date, whenever a Tempe customer uses a Machine, the Machine will electronically communicate details about that customer transaction to an SRP server.
- 4.2 Commencing on the Start Date, every day, before 10:00 p.m., SRP will electronically send an encrypted transaction activity report to Tempe. Tempe shall provide a secure location on its computer network where the file containing the report can be placed by SRP, and Tempe shall provide SRP whatever authorization is necessary to allow SRP to write the file to the location. The report will show the following information about each Tempe customer transaction in the Network:
- (a) The Tempe customer account number for each transaction.
 - (b) The date and time of the transaction.
 - (c) The amount paid by the customer.
 - (d) The type of payment.

If there is no transaction activity on any day, only a header and trailer will be electronically transferred by SRP to Tempe that day. SRP shall have no liability to Tempe for SRP's failure to send activity reports to Tempe. If at any time Tempe desires the activity report to include any data not listed above in this Section, it

shall notify SRP of its desire, in writing. SRP will evaluate the technical and economic feasibility of changing the activity report format, and will inform Tempe, in writing, whether or not it is feasible and, if it is, the additional cost to Tempe of such a change. If SRP has determined that the change is feasible and Tempe decides to pay the additional cost, Tempe shall so notify SRP, in writing, and SRP shall proceed to change the format as soon as reasonably possible.

- 4.3 SRP will contract with a third party (hereinafter the "Deposit Retrieval Company") to pick up receipts at all Machine locations (except for Machines located in SRP's business offices) at least one time each week. SRP will reconcile the receipts from each Machine in the Network against the transaction data it received from the Machine.
- 4.4 SRP will deposit all cash and negotiable instruments (hereinafter "checks") received from Tempe's customers in Bank One commercial account number 1029737 ("Tempe Account"). SRP's sole responsibility shall be to deposit in the Tempe Account all cash and checks deposited by Tempe customers in the Machines. Tempe hereby authorizes SRP to indorse on Tempe's behalf all checks deposited by Tempe customers in the Machines. Tempe agrees that SRP shall have no liability with respect to the indorsement of any check pursuant to this Agreement (including checks incorrectly made payable to SRP by Tempe customers). Tempe shall indemnify, defend and hold harmless SRP, its directors, officers, agents and employees, from and against all claims, demands, suits, losses, damages, expenses and liabilities, including, without limitation, reasonable costs of defense, reasonable attorneys' fees and reasonable witness fees arising in connection with SRP's indorsement of checks deposited by Tempe customers in the Machines (including checks incorrectly made payable to SRP), or deposit of such checks into the Tempe Account. SRP shall have no responsibility for collecting any Tempe customer's checks returned for insufficient funds. In addition, all costs for deposits, returned check fees and uncollectible fees are the responsibility of Tempe and not SRP, including fees for any checks made payable by Tempe customers to SRP in error, even if SRP indorsed such checks.
- 4.5 SRP shall have no liability for Tempe customer checks deposited into the Machines that are subsequently lost, destroyed or stolen. SRP shall have no liability for cash deposited by Tempe customers into the Machines that is subsequently lost, destroyed or stolen, except that to the extent SRP is reimbursed for such loss of cash by the Deposit Retrieval Company, SRP shall reimburse Tempe for its loss. Tempe acknowledges that the Deposit Retrieval Company's liability for paying for such loss is contractually limited. If the Deposit Retrieval Company reimburses less than the full amount of the sum of the loss of both Tempe and SRP, SRP will reimburse Tempe a pro-rata share of the amount reimbursed by the Deposit Retrieval Company, based on the percentage of loss suffered by each party.

5. CHANGES TO STANDARD FEATURES

- 5.1 If Tempe desires any changes to the Standard Features, Tempe may notify SRP of its desired changes. SRP will then evaluate the technical and economic feasibility of reprogramming the Machines to satisfy Tempe's request. If SRP determines that the change is feasible, SRP will notify Tempe, in writing, of the cost to Tempe of making the change to the Standard Features. If Tempe indicates, in writing, its acceptance of the additional charge, SRP shall proceed to reprogram the Machines as agreed upon by the parties.
- 5.2 SRP is considering installing MPEG video on the Machines for the presentation of advertising messages. No advertising messages from Tempe shall be presented by the MPEG video unless SRP determines, in its sole discretion, that SRP's advertising needs have first been met by the MPEG video. If SRP decides to offer the advertising opportunity to Tempe, it will notify Tempe, in writing, of the conditions for displaying such advertising, which may include, but not be limited to, the payment of a fee by Tempe and approval of the advertisement by SRP.

6. PAYMENT

- 6.1 Tempe shall pay SRP a one-time set-up fee of \$65,000 due and payable on the Start Date.
- 6.2 Commencing on the Start Date and continuing throughout the term of this Agreement, Tempe shall pay SRP a fixed monthly fee and a per transaction fee as follows:
 - (a) If there are 0 to 1000 Tempe customer transactions on the Network in any calendar month, Tempe shall pay a fixed monthly fee of \$1,667.
 - (b) In addition to the amount Tempe must pay pursuant to Section 6.2(a), for each Tempe customer transaction in any calendar month over the 1000th Tempe customer transaction, up to and including the 2000th Tempe customer transaction, Tempe shall pay SRP \$1.67.
 - (c) In addition to the amount Tempe must pay pursuant to Sections 6.2(a) and (b), for each Tempe customer transaction in any calendar month over the 2000th Tempe customer transaction, Tempe shall pay SRP \$1.50.
- 6.3 SRP shall send Tempe an invoice after the end of each calendar month stating the fees that Tempe shall pay SRP for that month. Tempe shall pay each such invoice within thirty (30) days. If Tempe fails to pay the entire invoiced amount by the due date, interest in the amount of ten percent (10%) per annum shall accrue on the unpaid amount from the date due until paid.
- 6.4 If at any time SRP agrees, by written contract, to charge any third party less than the rates set forth in Section 6.2 for the same service, SRP shall notify Tempe, and this Agreement shall be amended to reflect the same reduced rate that such third

party is being charged, with the change in price to be retroactive to the date of the contract between SRP and such third party.

7. NON-EXCLUSIVE

Tempe understands that use of the Network is not exclusive to Tempe and that SRP is actively seeking other municipalities and private companies to join the Network.

8. PROMOTION/LICENSE TO USE TRADEMARK

- 8.1 Notwithstanding Section 22.6 of the Umbrella Agreement, after the Start Date, Tempe and SRP shall both be authorized to advertise and promote the use of the Network by their customers, subject to the provisions of this Section.
- 8.2 Commencing on the Start Date, SRP grants Tempe a non-exclusive, nontransferable, revocable license to use SRP's trademark, "SRP PayCenter™" in connection with the advertising authorized by Section 8.1.
- 8.3 On termination of this Agreement for any reason, all rights and privileges granted to Tempe by this Section shall immediately terminate, and Tempe shall cease to use any advertising material containing SRP's trademark.
- 8.4 In all publications using SRP's trademark, Tempe shall refer to a Machine and the Network, respectively, using the following marks: "SRP PayCenter™" and "SRP PayCenter™ Network." If SRP obtains federal registration of the trademark, SRP will notify Tempe of any change in the marks that Tempe shall use with SRP's trademark.
- 8.5 Tempe shall submit all advertising and promotional materials using SRP's trademark to SRP at least ten (10) business days before such items are distributed to the public. SRP shall have the right to approve or disapprove, for any reason, of any use of its trademark; provided that if SRP does not give notice of disapproval within ten (10) business days after the material is delivered to SRP, SRP shall be deemed to have approved of that use of SRP's trademark. If SRP does not approve of any specific use of its trademark, Tempe shall not use the trademark in that manner.
- 8.6 Tempe will notify SRP if it learns of any unauthorized use of SRP's trademark. SRP reserves the right to prosecute any infringing uses of SRP's trademark by a third party.
- 8.7 Tempe shall not be authorized to assign or sublicense its rights to use SRP's trademark. Tempe's right to use the trademark is revocable at any time upon written notice from SRP.

9. TERM

The term of this Agreement shall be three (3) years from the Start Date. SRP estimates that the Start Date will be four (4) months from the date of this Agreement, provided that SRP shall have no liability to Tempe if SRP fails to meet the estimated Start Date.

10. TERMINATION

Either SRP or Tempe may terminate this Agreement upon sixty (60) days written notice to the other party; provided that if Tempe terminates this Agreement before the Start Date, Tempe shall reimburse SRP, within thirty (30) days after receipt of an invoice therefor from SRP, an amount equal to all costs incurred and amounts committed to be paid by SRP in performance of this Agreement up to the date of the notice from Tempe, including but not limited to amounts incurred or committed to in connection with SRP's performance pursuant to Sections 3.2 and 3.3 hereof.

IN WITNESS WHEREOF, the Authorized Signatories on behalf of the parties hereto have executed this Agreement.

SALT RIVER PROJECT
AGRICULTURAL IMPROVEMENT AND
POWER DISTRICT

CITY OF TEMPE

By: _____
Mark B. Bonsall
Associate General Manager

By: _____
Neil G. Giuliano
Mayor

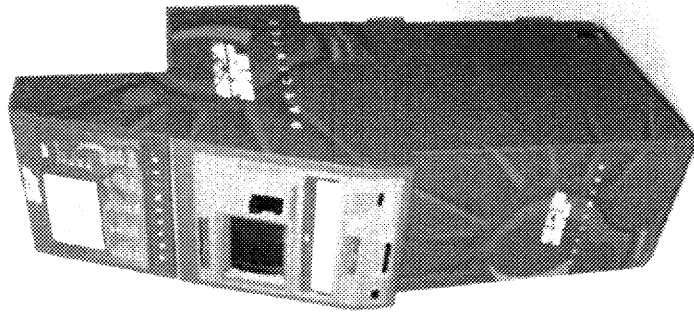
ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

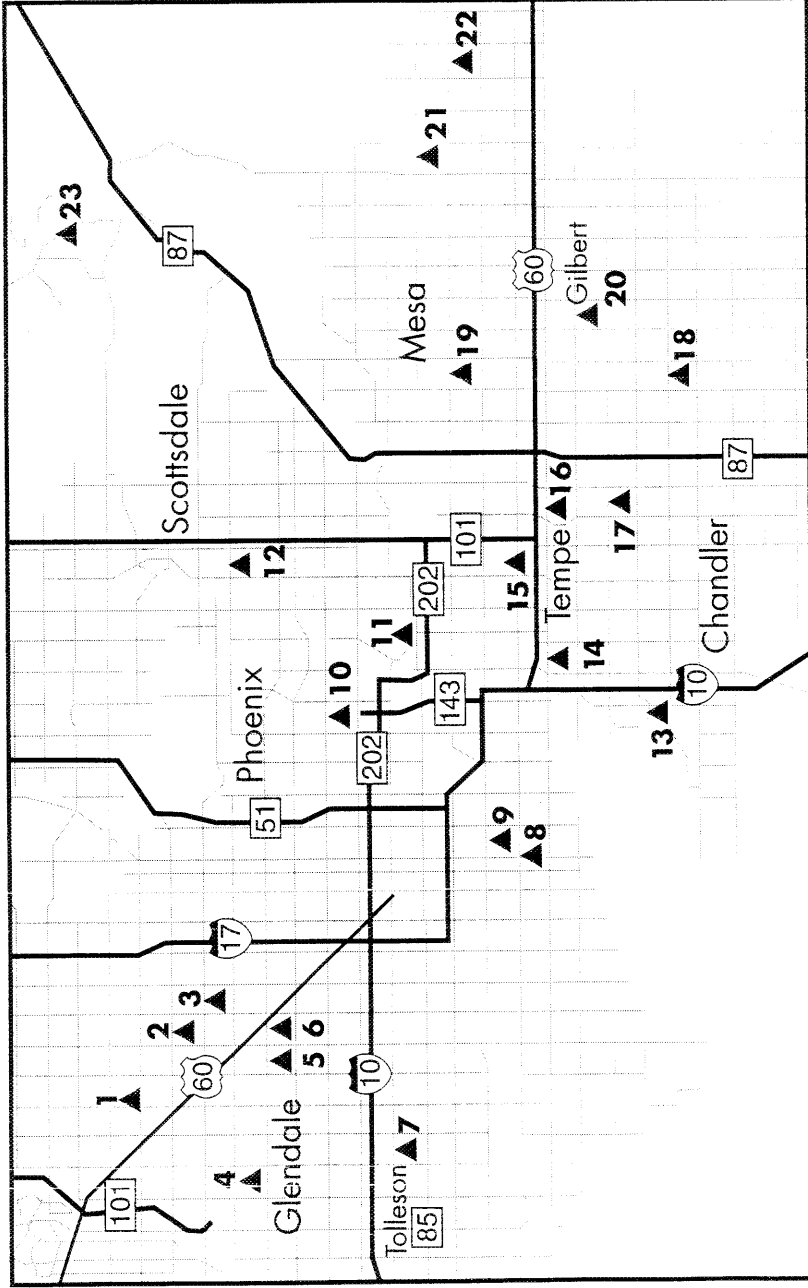
PayCenters



SRP PayCenters™



Delivering More Than Power®



- 1. Peoria/Glendale**
SAFEWAY
67 Ave & Peoria
6am – 1pm
- 2. Glendale/Phoenix**
FRY'S
43 Ave & Northern
6am – midnight (medianoche)
- 3. Northwest Phoenix**
FOOD CITY
35 Ave & Glendale
6am – 11pm
- 4. Phoenix/Glendale**
SAFEWAY
83 Ave & Camelback
6am – 1am
- 5. Maryvale**
CITY OF PHOENIX
51 Ave & Indian School
8am – 5pm
Monday to Friday (lunes a viernes)
- 6. Maryvale**
FOOD CITY
43 Ave & Indian School
6am – 11pm
- 7. Tolleson**
SRP OFFICE
79 Ave south of Van Buren
79 Ave al sur de Van Buren
8am – 7pm
Monday to Friday (lunes a viernes)
- 8. South Phoenix**
SRP OFFICE
Central & Baseline
next to Greenback's
al lado de Greenback's
24 hours; 24 horas
- 9. South Phoenix**
SAFEWAY
16 St & Southern
6am – midnight (medianoche)
- 10. East Phoenix**
FRY'S
44 St & Thomas
24 hours; 24 horas
- 11. Tempe**
SRP OFFICE
Van Buren & Project Dr
across from the Zoo
al través del Zoo
24 hours; 24 horas
- 12. Scottsdale**
BASHAS'
Indian School & Hayden
6am – 11pm
- 13. Ahwatukee**
BASHAS'
48 St & Warner
6am – 11pm
- 14. Tempe**
ALBERTSON'S
Rural & Guadalupe
24 hours; 24 horas
- 15. Tempe**
BASHAS'
Southern & McClintock
6am – 11pm
- 16. Mesa**
SAFEWAY
Guadalupe & Alma School
5am – 1am
- 17. Chandler**
FRY'S
Warner & Alma School
24 hours; 24 horas
- 18. Chandler/Gilbert**
CIRCLE K
Gilbert & Williams Field
24 hours; 24 horas
- 19. Mesa**
BASHAS'
Main east of Stapley
Main al este de Stapley
6am – 11pm
- 20. Gilbert**
SAFEWAY
Elliot & Val Vista
24 hours; 24 horas
- 21. East Mesa**
SRP OFFICE
University east of Power
University al este de Power
24 hours; 24 horas
- 22. Apache Junction**
SAFEWAY
Meridian & Apache Trail
24 hours; 24 horas
- 23. Fountain Hills**
BASHAS'
Palisades west of Saguaro
Palisades al oeste de Saguaro
6am – 11pm